

## SOURCES OF PUBLIC FUNDING FOR EDUCATION

### *Key Findings: Canada, France, Germany, Italy, Japan, Russian Federation, United Kingdom, United States*

*Public funding for higher education is more centralized than funding for primary and secondary education in all of the G8 countries, but in some countries, including the United States, much of the funding for higher education comes from regional (including state) sources.*

Public funds for education are typically obtained from a combination of central, regional, and local sources. The percentage of funds provided by each source varies across countries and by education level.

In Canada, Germany, the Russian Federation, and the United States, all with a federal form of government, the central government provides a small portion of the funds for primary and secondary education. In 2000, the central government provided 8 percent of the revenues at this education level in the United States and Germany, 4 percent in Canada, and 1 percent in the Russian Federation (figure 4a).

Regional governments in Canada (i.e., provinces), Germany (i.e., Länder), and the United States (i.e., states), play an important role in the financing of primary and secondary education, but local governments also contribute to school funding. In 2000, state governments in the United States provided 51 percent of the funding for primary and secondary education, and local governments provided 41 percent. In comparison to the United States, regional governments in Canada and Germany played a larger role, supplying 70 and 75 percent of the funds, respectively. In contrast, local governments in the Russian Federation (i.e., Republics) financed 84 percent of the funds for primary and secondary education.

In two of the four nonfederal countries, France and Italy, the central government plays a dominant role in financing primary and secondary education, with regional and local governments contributing a smaller share of total resources. In 2000, the cen-

tral government provided 74 percent of the revenues for primary and secondary education in France, and 81 percent in Italy.

The central government plays a smaller role compared to regional and local governments in the financing of primary and secondary education in Japan and the United Kingdom. In 2000, the central government in Japan provided 25 percent of funds at this education level, while regional governments (i.e. prefectures) provided 57 percent. In the United Kingdom, the central government contributed 26 percent and the local governments provided 74 percent of the funding. However, in the United Kingdom, a substantial portion of local funding consists of a general-purpose grant from the central government, giving the central government a large, albeit indirect, role in the financing of primary and secondary education.

Funding for higher education tends to be more centralized than funding for primary and secondary education among the G8 countries (figure 4b).

In 2000, the U.S. federal government provided 39 percent of the funds for higher education; local government allocations made up 6 percent; and regional (state) governments funded the balance of 55 percent. Regional governments in Canada, Germany, and the Russian Federation provided 66 percent, 80 percent, and 17 percent of public funds for higher education, respectively. The central government was the largest source of funds at this education level in the Russian Federation (81 percent) and the second largest provider of funds in Canada (34 percent) and Germany (17 percent).

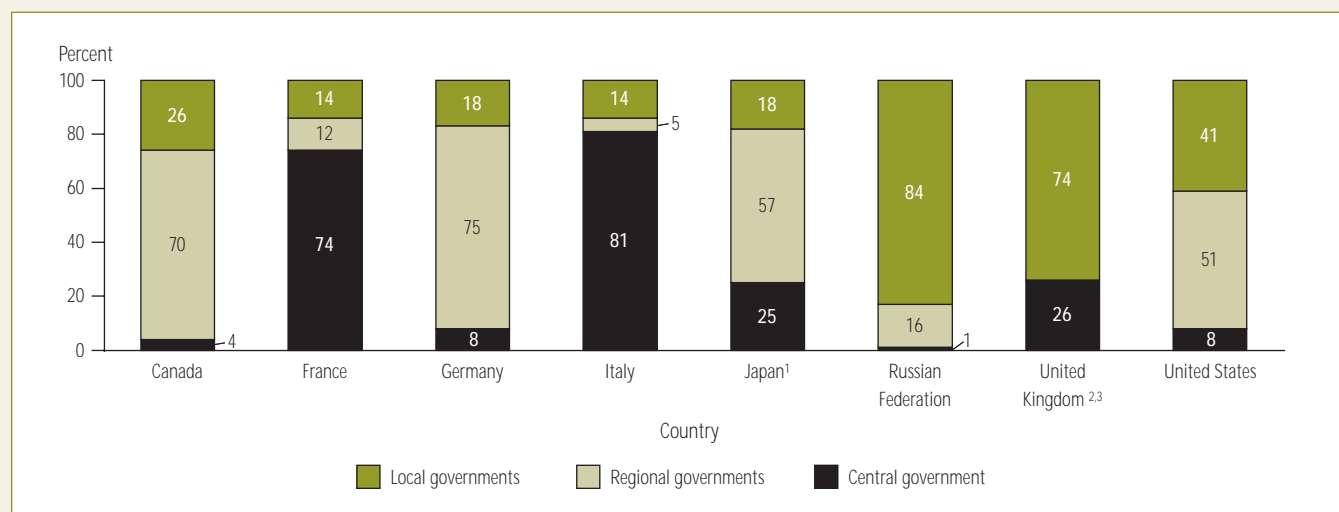
In the four other countries presented (i.e., the nonfederal countries), higher education funding is highly centralized. The share of public funds for higher education from the central governments in France, Italy, Japan, and the United Kingdom ranged from 84 percent (Japan) to 100 percent (United Kingdom).

### *Definitions and Methodology*

Educational levels are defined according to the International Standard Classification of Education (ISCED). Primary education refers to ISCED level 1 and secondary education includes ISCED levels 2 and 3. Higher education refers to ISCED level 5A (academic higher education—first stage) (see ISCED descriptions in the appendix), except in Canada, the United States, and Japan, where ISCED level 4 (postsecondary nontertiary education) is included in higher education. For a complete description of the ISCED levels, see the appendix.

The educational expenditures of each level of government are the total educational expenditures of all public authorities at the level in question before transfers between levels of government. The proportion of expenditures made by a particular level of government is calculated as a percentage of the total consolidated expenditures of all three levels. Only expenditures specifically designated for education are taken into account in determining the proportion of expenditures borne by a particular level.

Figure 4a. Percentage distribution of public funds for primary and secondary education, by level of government and country: 2000



<sup>1</sup>Data on secondary level include International Standard Classification of Education (ISCED) level 5B (vocational and technical higher education) for Japan.

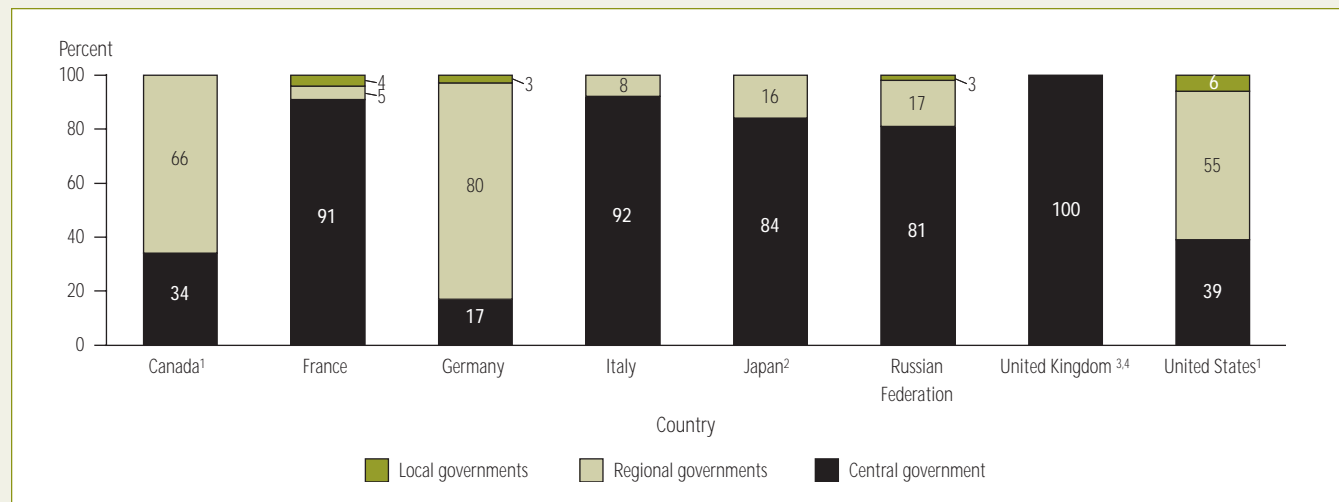
<sup>2</sup>The United Kingdom includes England, Northern Ireland, Scotland, and Wales.

<sup>3</sup>Category for regional funding does not apply for the United Kingdom.

NOTE: Education levels are defined according to the International Standard Classification of Education (ISCED). Primary education refers to ISCED level 1 and secondary education includes ISCED levels 2 and 3. For more information on ISCED levels, see the appendix. Detail may not sum to totals because of rounding.

SOURCE: Organization for Economic Cooperation and Development (OECD). (2003). *Education at a Glance: OECD Indicators 2003*, Table B4.2a.

Figure 4b. Percentage distribution of public funds for higher education, by level of government and country: 2000



<sup>1</sup>Postsecondary nontertiary data included in higher education for Canada and the United States.

<sup>2</sup>Postsecondary nontertiary data included in both upper secondary and tertiary education for Japan.

<sup>3</sup>The United Kingdom includes England, Northern Ireland, Scotland, and Wales.

<sup>4</sup>Category for regional funding does not apply to the United Kingdom.

NOTE: Education levels are defined according to the International Standard Classification of Education (ISCED). Higher education refers to ISCED level 5A (academic higher education-first stage). Postsecondary nontertiary education refers to ISCED level 4. For more information on ISCED levels, see the appendix. Estimates for local funds round to zero for Canada, Italy, Japan, and the United Kingdom. Detail may not sum to totals because of rounding.

SOURCE: Organization for Economic Cooperation and Development (OECD). (2003). *Education at a Glance: OECD Indicators 2003*, Table B4.2b.